

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 02 TEGUCIGALPA 000442

SIPDIS

SENSITIVE

DEPT. FOR WHA, WHA/CEN, AND PRM/PRP

E.O. 12958: N/A

TAGS: [SMIG](#) [PREL](#) [HO](#)

SUBJECT: EMBASSY TEGUCIGALPA RECOMMENDS EXTENSION OF TPS,
WITH PLANNING FOR THE END GAME

REF: A. STATE 27320

[B](#). 02 TEGUCIGALPA 620

[C](#). 01 TEGUCIGALPA 719 (AND PREVIOUS)

[1](#)1. (SBU) Summary: Honduras remains an extremely poor country, still trying to recover from the devastation of Hurricane Mitch. While most USG-funded post-Mitch reconstruction efforts are complete, serious long-term challenges make the situation extremely difficult for the average Honduran. Honduras is struggling to provide economic opportunities, health care, housing, and schooling for its current residents, and possibly another approximately 87,000 that might return if Temporary Protected Status (TPS) is not extended. A decision not to extend TPS would be seen as a serious blow to the Maduro administration and would make achieving USG goals in Honduras on a range of issues much more difficult. Therefore, the State/AID country team members unanimously endorse a Department recommendation to the Attorney General that TPS be extended. Post also recommends that Washington give consideration to the desired end game of TPS, since what was designed as a temporary program is now viewed by Hondurans as an annual process in which a decision not to extend TPS would be a shock. The eventual ending of the program, without some final clarification of TPS beneficiaries' immigration status, could put a large category of people into legal no-man's land and undermine USG efforts to better control our borders. End Summary.

[1](#)2. (U) With the help of the international donor community (of which USAID is the largest bilateral contributor), Honduras has largely recovered from the physical devastation of Hurricane Mitch and has begun to focus its efforts on the country's long-term development. USAID's two-and-a-half year, USD 300 million recovery program focused on a wide variety of reconstruction interventions in the areas of education, housing, water and sanitation, rural roads and bridges, disaster mitigation, health, agriculture reactivation, credit, accountability, and transparency. Although the majority of this program has been brought to completion, two ongoing programs remain to be completed: one dealing with transparency and accountability, and the other the reconstruction of damaged urban water and sanitation systems - both of which are scheduled to be fully completed in FY04. Despite the gains made in post-Mitch recovery, Honduras continues to face daunting long-term development challenges that will continue to stress its limited resources.

[1](#)3. (SBU) President Ricardo Maduro, upon assuming office in January 2002, inherited a stagnating economy and seriously deteriorated government finances from the previous government. One year into his Administration, the economic situation is still bleak, with the GOH struggling to reach a deal with the IMF. The necessary, but difficult, measures that the GOH is planning to take to achieve an IMF agreement will likely result in economic and political problems in the short-term, although they are necessary for long-term macroeconomic stability. The economy is growing slowly (estimated real GDP growth of two percent in 2002), and Honduras is a Highly Indebted Poor Country (HIPC), with a per capita income of only USD 922 per year. Low world coffee prices continue to undermine the economy in rural areas. Given this bleak economic situation, the GOH has been unable to provide sufficient economic opportunities, health care, housing, and schooling for the people of Honduras. The result can be seen in high crime rates and the slow unraveling of the social fabric of the nation. Maduro's team is hoping that a U.S.-Central American Free Trade Agreement (CAFTA) will serve as a catalyst to regional economic cooperation, foreign investment, and economic growth.

[1](#)4. (U) Remittances from Hondurans living overseas continue to grow rapidly (up 38 percent in the first six months of 2002) and have become the country's most important source of foreign exchange. Post estimates that Hondurans in the U.S. sent approximately USD 550-600 million in 2002 in remittances to Honduras. Any significant drop in remittance income, something likely to happen if Temporary Protected Status (TPS) is not extended, would cut the country's largest source of foreign exchange.

15. (SBU) Post estimates that Honduras is currently receiving upwards of 10,400 deportees a year via the INS/JPATS deportation program, a manageable number. In addition, the GOH receives assistance from the International Organization of Migration (IOM) for a reinsertion program. Post suspects that many of these deportees attempt to return to the U.S. again illegally and thus it is unclear how many are actually remaining in Honduras. An increase from what is currently the second highest number of deportees in Central America (after El Salvador) to a much higher number would be difficult for Honduras to handle.

16. (SBU) There is deep appreciation in Honduras, especially among members of the Maduro administration, for the USG's 2002 extension of TPS, and continual interest in possible U.S. congressional action on the pending Nicaraguan Adjustment and Central American Relief Act (NACARA), which would give immigration parity for Hondurans. The wait for a possible extension of TPS, and GOH advocacy for such a step, has become an annual event, and TPS extension is supported equally by both the National and Liberal Parties.

17. (SBU) President Ricardo Maduro's government is engaged on the key issues of improving the administration of justice and rule of law, and is seeking to transform Honduras so that law and order can be restored and economic growth ignited. Maduro has spoken out strongly on tackling corruption, but has yet to deliver concrete results. He faces formidable challenges from entrenched economic and political interests in moving his agenda forward. Notably, the President's popularity has remained stalled at a low point since June 2002. A decision by the USG not to extend TPS could be interpreted here by many as a sign of U.S. withdrawal of support which would be a serious blow to the Maduro administration. In any case, it would make achieving USG goals in Honduras, including Honduran congressional passage of CAFTA next year, on a range of issues much more difficult.

18. (SBU) In sum, Post believes the following three problems are the most serious difficulties Honduras would face if TPS is not extended and a substantial number of Hondurans previously on TPS were to return to Honduras:

- great difficulty providing jobs, housing, schooling, and health care for those who return, resulting in additional crime and social instability,
- a significant loss of remittances, and
- a loss of political support for President Maduro, which would hurt USG goals in Honduras.

Recommendation: Extend TPS and Plan for the End Game

19. (SBU) Because of the situation outlined above, State/AID Country Team members unanimously endorse a Department recommendation to the Attorney General that TPS be extended. Post also recommends that Washington give consideration to the end game of TPS, since what was designed as a temporary program is currently seen by Hondurans as anything but temporary. Given the high levels of poverty and slow economic growth in Honduras, there are likely to be good reasons to argue for the extension of TPS for the foreseeable future. Whether it is an Executive Branch policy, such as Deferred Enforced Departure (ref c), Congressional action on NACARA-parity legislation, or some other solution, the USG should plan for an ordered end to TPS. The alternative, in which TPS eventually ends and 87,000 people are suddenly illegally in the U.S., could provide serious challenges to the USG.

Palmer